

Message Text

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E.O. 11652:GDS

TAGS:PFOR, OVIP (INGERSOLL, ROBERT S.)

SUBJECT:SPECIAL SUMMARY NUMBER 14 FOR THE DEPUTY SECRETARY:
TELEGRAPHIC SUMMARY

1. MADRID TERRORIST INCIDENT SITREP: RELEASE
IMMINENT?

THE EGYPTIAN EMBASSY IN MADRID WAS TAKEN OVER AT 11:35
AM LOCAL TIME ON SEPTEMBER 15 BY ARMED TERRORISTS
LATER IDENTIFIED AS MEMBERS OF "THE GROUP OF THE
FALLEN ABDEL KADR AL HUSSEINI," A PALESTINIAN HERO
KILLED BY ISRAELI FORCES IN 1948. HELD HOSTAGE WERE
THE NEWLY ARRIVED AMBASSADOR, THE ECONOMIC COUNSELOR,
THE PRESS ATTACHE, AND THE CONSUL.

THE DEMANDS MADE KNOWN WERE THAT:

--THE EGYPTIAN DELEGATION IN GENEVA BE WITHDRAWN;

--THE GOE MAKE A RADIO BROADCAST PUBLICLY DENOUNCING
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THE INTERIM AGREEMENT; AND THAT

--THE SPANISH WITHDRAW SECURITY PERSONNEL FROM AROUND
THE BUILDING.

THE TERRORISTS VOWED THEY WOULD BEGIN KILLING THE HOSTAGES IF THEIR DEMANDS WERE NOT MET BY MIDNIGHT MADRID TIME.

THIS DEADLINE PASSED AS THE AMBASSADORS OF KUWAIT, IRAQ, AND ALGERIA NEGOTIATED WITH THE PALESTINIANS INSIDE THE EMBASSY. THE TERRORISTS, TOGETHER WITH THE EGYPTIAN AMBASSADOR AND TWO OF HIS OFFICERS, HAVE NOW TAKEN OFF IN AN ALGERIAN AIRCRAFT. ACCOMPANYING THEM ARE THE AMBASSADORS OF ALGERIA AND IRAQ, WHO VOLUNTEERED TO SERVE AS HOSTAGES UNTIL THE PLANE LANDS. THE PARTY'S DESTINATION IS BELIEVED TO BE ALGIERS.

THE QUID PRO QUO EXTRACTED BY THE TERRORISTS IS THE REPORTED SIGNING BY THE EGYPTIAN, KUWAITI, ALGERIAN, IRAQI, JORDANIAN, AND LYBIAN AMBASSADORS OF A COMMUNIQUE DENOUNCING THE SINAI AGREEMENT.

EMBASSY MADRID IS UNABLE TO EXPLAIN WHY THE AMBASSADORS SIGNED A DECLARATION WITHOUT THE HOSTAGES HAVING BEEN RELEASED. NOR DOES THE EMBASSY HAVE INFORMATION AS TO WHAT WILL HAPPEN AFTER THE PLANE LANDS.

IN RELATED DEVELOPMENTS:

--DURING THE DAY FIFTY ARAB STUDENTS OCCUPIED THE ARAB LEAGUE OFFICE IN MADRID AND HELD TWO HOSTAGES, LATER RELEASING THEM AND LEAVING THE BUILDING.

--ACCORDING TO CAIRO RADIO, THE GOE IS BLAMING ARAFAT, THE PLO, AND ALL PALESTINIANS FOR THE INCIDENT.

--THE SPANISH PRESS REPORTS THAT TWO OF THE COMMANDOS TOLD THE IRAQI AMBASSADOR THEY ARE MEMBERS OF AL FATAH.

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2. PORTUGAL

A. NEW GOVERNMENT CLOSE--AIR FORCE FEELS SLIGHTED

EMBASSY LISBON REPORTS THAT THE ANNOUNCEMENT OF THE NEW GOVERNMENT IS CLOSE, BUT THE AIR FORCE IS DISTRESSED AT NOT BEING CONSULTED ON ITS FORMATION. AFTER CONVERSATIONS WITH AIR FORCE CAPTAIN ROSA, WHO HAS BACKED THE ANTUNES GROUP, AND WITH VASCO LOURENCO, WHO HEADS THE COMMITTEE CHARGED WITH RESTRUCTURING THE REVOLUTIONARY COUNCIL, THE EMBASSY MAKES THE FOLLOWING OBSERVATIONS:

--THE PCP IS STILL DRAGGING ITS FEET OVER ACCEPTANCE

OF THE TRANSPORTATION PORTFOLIO (IN WHICH IT WILL HAVE TO DECIDE ON UNPOPULAR RATE HIKES) AND EXCLUSION FROM THE INFORMATION MINISTRY.

--THE AIR FORCE IS UNHAPPY ABOUT ITS EXCLUSION FROM THE NEGOTIATIONS AND OVER ROSA'S NOT BEING MADE MINISTER OF LABOR.

--ROSA FEARS THE AIR FORCE MAY, IF BADLY TREATED, INCREASINGLY TURN TO SPINOLA.

--ARMY MAJOR ALMEIDA, WHO WAS GIVEN THE LABOR PORTFOLIO, IS REGARDED BY MANY AS A COMMUNIST SYMPATHIZER.

--IF LOURENCO'S RESTRUCTURING PLAN IS ADOPTED, THE ANTI-COMMUNIST GROUP WILL HAVE A CLEAR MAJORITY IN THE REVOLUTIONARY COUNCIL.

EMBASSY COMMENT: THE EXCLUSION OF THE AIR FORCE AND ROSA IS UNDERSTANDABLE ONLY IN THE CONTEXT OF A DECISION BY THE ANTUNES NINE, CERTAINLY WITH THE BACKING OF THE PRESIDENT, TO THROW THE COMMUNISTS A BONE. THE ANTI-COMMUNIST MILITARY CONTINUES TO OVERESTIMATE THE STRENGTH OF THE PCP.

B. IS ECONOMIC RECOVERY POSSIBLE?
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THE EMBASSY REPORTS THE ECONOMIC HIGHLIGHTS OF AZEVEDO'S SEPTEMBER 13 PLATFORM SPEECH:

--ALTHOUGH HE STRESSED THE GOVERNMENT'S CONTINUED COMMITMENT TO THE ESTABLISHMENT OF SOCIALIST SYSTEMS, HE STRONGLY IMPLIED THAT THE TIME HAS COME FOR A PAUSE IN THE WAVE OF NATIONALIZATIONS.

--THE BASIC OBJECTIVE AT PRESENT IS TO ORGANIZE THE PUBLIC AND NATIONALIZED SECTORS, PRIMARILY THROUGH LARGE PUBLIC WORKS PROGRAMS AIMED AT CREATING JOBS.

--AN ATMOSPHERE OF CONFIDENCE MUST BE ESTABLISHED WHEREIN THE PRIVATE SECTOR WILL MAKE THE INVESTMENTS ESSENTIAL TO RECOVERY.

EMBASSY COMMENT: THE PRIME MINISTER'S REFERENCES TO DISCIPLINE AND ORDER INDICATE RECOGNITION THAT HIS GOVERNMENT MUST TAKE DIFFICULT DECISIONS ON SUCH MATTERS AS LABOR-MANAGEMENT RELATIONS. THE GOVERNMENT'S ABILITY TO IMPLEMENT SUCH A PROGRAM WITHIN A REASONABLE PERIOD OF TIME IS HIGHLY QUESTIONABLE. IF IT CANNOT, PORTUGAL HAS LITTLE HOPE OF ECONOMIC RECOVERY WITHIN THE FORESEEABLE FUTURE.

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C. SPINOLA RETURNS TO BRAZIL

GENERAL SPINOLA HAS DEPARTED PARIS FOR BRAZIL FOLLOWING A TEN DAY STAY. THROUGHOUT THIS PERIOD, HE KEPT UP CONSULTATIONS WITH ASSOCIATES, LARGELY MILITARY OFFICERS, FROM THE AZORES, GUINEA, TIMOR AND ANGOLA, AS WELL AS FRANCE, SPAIN AND PORTUGAL. ACCORDING TO EMBASSY PARIS:

--SPINOLA IS CONVINCED THE GOP WILL NOT BE ABLE TO RESOLVE THE POLITICAL IMPASSE AND POPULAR UPRISINGS ARE LIKELY AT SOME POINT.

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--THE VISIT WAS AIMED AT DEVELOPING EXPLICIT SCENARIOS FOR EXPLOITING SUCH UPRISINGS.

AT LEAST FOR NOW, IT WOULD SEEM THAT EVENTS IN PORTUGAL HAVE OVERTAKEN SPINOLA'S HOPES FOR AN EARLY COUP AND COMEBACK.

(SEE ITEM 1 OF INTELLIGENCE SUMMARY)

3. FRANCE TO ANNOUNCE AID FOR EGYPT

MFA CABINET DIRECTOR JEAN-CLAUDE PAYE TOLD EMBASSY PARIS SEPTEMBER 15:

--FRANCE HAS DECIDED TO PROVIDE NO LESS THAN \$40 MILLION AND PERHAPS AS MUCH AS \$50 MILLION FOR EGYPT BEFORE THE END OF THE YEAR.

--EGYPT WILL BE NOTIFED PRIVATELY AND NEGOTIATIONS ON DETAILS WILL BEGIN SOON.

--THE LOAN IS NOT LIKELY TO BE MADE PUBLIC PRIOR TO GISCARD'S VISIT TO CAIRO IN DECEMBER.

PAYE SAID THAT THE ANNOUNCEMENT WILL BE DELAYED UNTIL THE CAIRO VISIT TO ENHANCE THE BILATERAL NATURE OF THE FRENCH EFFORT AT THE EXPENSE OF WHAT THE GOF REGARDS AS AN UNDESIRABLE DE FACTO CONSORTIUM.

4. SYRIA: ASAD OFF THE RECORD

NEWSWEEK'S ARNAUD DE BORCHGRAVE PROVIDED EMBASSY DAMASCUS CONFIDENTIALLY WITH PRESIDENT ASAD'S OFF-THE-RECORD REMARKS MADE IN A SEPTEMBER 13 INTERVIEW:

--NO ONE SHOULD OVERLOOK THE POSSIBILITY THAT SYRIA MAY CONCLUDE THAT THE TIME IS PROPITIOUS FOR A RESUMPTION OF FULL-SCALE HOSTILITIES WITH ISRAEL.

--IF SYRIA WERE THEREBY THREATENED WITH EXTINCTION, "OUR SOVIET FRIENDS" WOULD ACT TO PREVENT IT.

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--SOVIET TROOPS MIGHT BE DISPATCHED TO SYRIA "AS A FIRST STAGE" AND THEN "THE US WOULD UNDERSTAND WHAT IT HAD TO DO."

--SAUDIA ARABIA DID NOT APPROVE THE SINAI ACCORD: PRINCE SAUD SAID CERTAIN THINGS, WHICH DO NOT ACCURATELY REFLECT THE SAUDI POSITION, "TO PLEASE DR. KISSINGER."

--WITH RESPECT TO SYRO-JORDANIAN COOPERATION, THE GOS IS SATISFIED WITH THINGS AS THEY ARE AND DOES NOT ANTICIPATE THE DEVELOPMENT OF A JOINT MILITARY COMMAND.

5. TERRORIST ATTACK ON EMBASSY ABU DHABI?

OUR EMBASSY IN BEIRUT RECEIVED A REPORT ON SEPTEMBER 15 THAT APPROXIMATELY EIGHT ARABS IN A GROUP CALLED INTIQAM (VENGEANCE) ARE PLANNING TO ATTACK THE AMERICAN EMBASSY IN ABU DHABI, SECURE AS MANY HOSTAGES AS POSSIBLE, DEMAND AN AIRCRAFT AND FLY TO SANCTUARY IN LIBYA. THE ATTACK IS ALLEGEDLY TO TAKE PLACE DURING THE MUSLIM MONTH OF RAMADAN (SEPTEMBER 7 - OCTOBER 5). THE REGIONAL SECURITY OFFICER IN BEIRUT BELIEVES THAT THIS INFORMATION SHOULD BE TAKEN SERIOUSLY.

OUR OFFICE OF SECURITY IS INSTRUCTING THE REGIONAL SECURITY SUPERVISOR BASED IN BEIRUT TO TRAVEL FROM CAIRO (WHERE HE NOW IS ON A VISIT) TO ABU DHABI TO CHECK SECURITY OF THE EMBASSY. THE REGIONAL SECURITY OFFICER IN KUWAIT IS ALSO BEING INSTRUCTED TO GO TO ABU DHABI.

LEBANON: VIOLENCE CONTINUES

6. LEBANON: VIOLENCE CONTINUES

FOLLOWING MEETINGS WITH PRIME MINISTER KARAME AND PLO LEADER, ARAFAT, LEFTIST LEADER KEMAL JUMBLATT, IN A MOVE CAUSING GENERAL RELIEF, BOWED TO ALMOST SOLID
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OPPOSITION FROM MOSLEM AND MODERATE FEDAYEEN GROUPS AND CALLED OFF A GENERAL STRIKE THREATENED FOR SEPTEMBER 15.

--TENSIONS IN LEBANON CONTINUE HIGH DESPITE JUMBLATT'S ANNOUNCEMENT.

--THERE HAVE BEEN SPORADIC CLASHES THROUGHOUT THE COUNTRY WITH A CONSIDERABLE ESCALATION OF INCIDENTS IN BEIRUT.

7. MAKARIOS AND DENKTASH EXACERBATE CYPRUS DISPUTE

EMBASSY NICOSIA REPORTS THAT BOTH MAKARIOS AND DENKTASH MADE MAJOR STATEMENTS OVER THE WEEKEND WHICH CAN ONLY SERVE TO EXACERABTE THE CYPRUS DISPUTE:

--DENKTASH THREATENED A UNILATERAL DECLARATION OF INDEPENDENCE IF HE IS NOT RECOGNIZED AS MAKARIOS' EQUAL IN THE FORTHCOMING UNGA DEBATE AND IF THE GREEK CYPRIOTS DO NOT RETURN TO THE INTERCOMMUNAL TALKS.

--MAKARIOS CHARGED VEHEMENTLY THAT THE TURKS HAVE NOT NEGOTIATED SERIOUSLY, MAINTAINED THAT THE UNGA DEBATE IS ONLY THE FIRST STEP IN A LONG STRUGGLE NOW FACING CYPRUS, AND STRONGLY CRITICIZED THOSE WHO SUPPORT LIFTING THE TURKISH ARMS EMBARGO.

EMBASSY COMMENT: DENKTASH'S STATEMENT WAS PROMPTED BY TURKISH FEELING THAT THEY ARE INCREASINGLY MISUNDERSTOOD AND ISOLATED INTERNATIONALLY, WITH THE ONLY RECOURSE BEING TO STRIKE OUT ON THEIR OWN REGARDLESS OF THE CONSEQUENCES. MAKARIOS' STATEMENT WAS RESPONSIVE TO THE GREEK CYPRIOT FEELING THAT THEY ARE IN A GOOD POSITION IN THE WORLD COMMUNITY AND CAN RECEIVE MEANINGFUL SUPPORT. COMPARED TO THE SLIGHTLY HOPEFUL POST-VIENNA III PERIOD, THE PROSPECT NOW IS FOR THE SIDETRACKING OF NEGOTIATIONS AND SHARPLY INCREASED AND POISONED RHETORIC BY EACH COMMUNITY. SISCO

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